

Message Text

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PAGE 01 STATE 310944
ORIGIN TRSE-00

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APPROVED BY NEA/ARP:JWTTWINAM
TREAS:RMUNK
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FM SECSTATE WASHDC
TO AMEMBASSY JIDDA PRIORITY
INFO USLO RIYADH

C O N F I D E N T I A L STATE 310944

USLO PASS HUMMON

E.O. 11652:GDS

TAGS: BEXP, ENRG, SA, US, USSAEC

SUBJECT: ELECTRICAL SYSTEM MANAGEMENT CONTRACT FOR WESTERN
REGION

REF: RIYADH 386, JIDDA 8858

1. OSAA (TREASURY) HAS DISCUSSED PROPOSED ELECTRICAL
SYSTEM MANAGEMENT TASK WITH INTERIOR'S BUREAU OF RECLAMA-
TION (BUREC) OFFICIALS AND WITH TRADE ASSOCIATION SOURCES
IN PRIVATE AND PUBLIC UTILITIES INDUSTRY. WE HAVE SO LIM-
ITED CONTACTS TO HELP MAINTAIN CONFIDENTIALITY OF AL-
GOSAIBI'S REQUEST, AND BECAUSE OF THE NORMAL RESTRAINT USG
FACES WITH REGARD TO RECOMMENDING PRIVATE FIRMS.

2. BUREC HAS HAD EXTENSIVE EXPERIENCE IN MANAGING POWER
GENERATING AND DISTRIBUTION SYSTEMS IN THE WEST. THE
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OFFICIALS CONTACTED INDICATED INFORMALLY THAT BUREC HAS THE
CAPACITY TO TAKE ON THE MANAGEMENT TASK AND WOULD BE WILLING
TO CONSIDER A REQUEST TO DO SO. THEY COULD TAP OTHER USG
ENTITIES SUCH AS TVA OR BONNEVILLE POWER ADMINISTRATION FOR
SUPPORT AS NECESSARY. BUREC RECOMMENDS USREP CONTACT PAUL

RENNER, ELECTRICAL ENGINEER ON AGWAT STAFF, WHO IS FULLY

CONVERSANT WITH BUREC'S ORGANIZATION AND CAPABILITIES. THE AGENCIES WITHIN BUREC THAT MANAGE THESE POWER SYSTEMS ARE IN PROCESS OF BEING TRANSFERRED TO THE DEPARTMENT OF ENERGY BUT THIS SHOULD NOT AFFECT THEIR ABILITY OR WILLINGNESS TO TAKE ON THE PROPOSED TASK.

3. SOURCES IN BOTH PRIVATE AND PUBLIC POWER TRADE ASSOCIATIONS SAID THEIR OPERATING UTILITY MEMBERS HAVE NEITHER THE EXTRA MANPOWER NECESSARY NOR ARE THEY STRUCTURED TO TAKE ON THE TASK IN QUESTION. HOWEVER, THERE WAS ONE EXCEPTION -- TEXAS UTILITIES CORPORATION. THIS UTILITY HOLDING COMPANY HAS SET UP A SUBSIDIARY, BASIC RESOURCES, INC., WHICH COULD AND WOULD ASSUME THE MANAGEMENT ROLE IN QUESTION. TEXAS UTILITIES CORPORATION SHOULD BE ADDED TO MAIN'S LIST. WE ARE CHECKING TO SEE IF THERE ARE OTHER UTILITY HOLDING COMPANIES WITH A SIMILAR SUBSIDIARY WHO WOULD BE INTERESTED.

4. BOTH TRADE ASSOCIATIONS RECOMMENDED CONSULTING ENGINEERING COMPANIES ACTIVE IN THE ELECTRIC POWER INDUSTRY AS THE BEST SOURCE OF CANDIDATE FIRMS. IN THE PUBLIC UTILITY SECTOR, THE FOLLOWING WERE NAMED AS BEING LEADERS IN THE FIELD IN TERMS OF VOLUME OF ACTIVITY: R. W. BECK ASSOCIATES, SEATTLE, WASHINGTON; BURNS & MCDONNELL, KANSAS CITY, MISSOURI; STANLEY CONSULTANTS, MUSCATINE, IOWA; CH2M & HILL, BELLEVUE, WASHINGTON; BURNS & ROE, INC., ORADELL, NEW CONFIDENTIAL

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JERSEY. THESE NAMES WERE GIVEN WITH THE USUAL CAVEATS ABOUT THE LIST NOT BEING ALL INCLUSIVE NOR ARE THOSE LISTED BEING RECOMMENDED BY THE ASSOCIATION.

5. IN THE PRIVATE UTILITY SECTOR TRADE ASSOCIATION SOURCES SAID THE FOLLOWING FIRMS HAVE THE ADVANTAGE OF PREVIOUSLY HAVING OWNED AND OPERATED UTILITY SYSTEMS AND STILL RETAIN SYSTEMS OPERATION EXPERTISE: STONE & WEBSTER; EBASCO; MIDWEST SERVICES; SARGENT & LUNDY.

6. WE THINK C. T. MAIN SHOULD INCLUDE IN ITS REPORT THE WORDING SUGGESTED BY CAMPBELL IN THE LAST SENTENCE OF PARA FIVE OF REFTEL B.

7. WE AGREE WITH EMBASSY JIDDA THAT C. T. MAIN SHOULD NOT INCLUDE ITS OWN NAME ON THE LIST OF RECOMMENDED FIRMS. ANY RFP WILL BE DRAWN UP ON THE BASIS OF THE MAIN REPORT, AND IT IS PROBABLE THAT MAIN WILL BE ASKED TO DEVELOP THE RFP AND PARTICIPATE IN JUDGING THE RESPONSES THERETO. BOWDEN PLANS TO CONVEY THIS TO ZAMBOTTI ON JANUARY 3. CHRISTOPHER

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